

**United Nations Capital Development Fund  
PROGRAMME DOCUMENT (Extension)  
(Regional Programme - Pacific Region)**



**Programme Title:** Pacific Financial Inclusion Programme

**Implementing Partner:** UNCDF/UNDP

**Start Date;** July 2014

**End Date:** June 2020 **PAC Meeting date:**

**Brief Description**

*Briefly describe the overall development challenge and the expected results of the programme.*

Financial Inclusion has improved significantly in the South Pacific since 2008 when PFIP Phase I was started with an initial target of reaching 500,000 adult Pacific Islanders through appropriate and affordable financial services. Since launch of PFIP in 2008, PFIP has made a significant contribution to the overall increase in access to finance in the region and as of June 2017 PFIP supported financial service providers(FSP) have enrolled a total of 1,690,008 people in the six countries where PFIP presently operates, with 799,202 or 47% of clients being women.

Policy makers have embraced financial inclusion as a national priority, regulators have created enabling environments for innovative financial products & services to be introduced, especially targeting low-income and marginalized populations. A range of digital financial services- mobile money, branchless and mobile banking, mobile micro insurance, remittances have been piloted and scaled. Besides micro-savings, micro-credit, savings groups, micro-pensions have also been added to the growing suite of products offered by the FSPs.

These advances have not satisfied all needs, however. Most of the adult population still lacks access to useful financial services. Estimates for the un- and underserved population range from 60% to 40% in Pacific markets. And remote populations and women suffer disproportionately. Moreover, the current measure of financial inclusion is based on enrolment rates, and does not capture how effectively low income customers are using financial services to improve their standard of living and that of their households. PFIP has sufficient visibility to assert that usage rates for low income populations are generally very low in banks and mobile money operators



PFIP has provided technical and financial assistance to the regional Central Banks to develop their National Financial Inclusion Strategies(NFIS) and set up a national level implementation framework that includes a National Financial Inclusion Task Force. Four of the six countries now have their NFIS from 2016-2020 with high level objectives and specific targets to increase adoption of financial services and drive usage. In two other countries, PFIP is providing technical assistance to develop their NFIS and set up NFITs. There remains significant work to be done in implementing the NFIS in order for the countries to reach meaningful national financial inclusion goals that will have direct linkages to development priorities, SDGs and positively impact the end users of financial services.

PFIP aims to reach 1.5 million customers through its partner FSPs with 50% of them being women. Several new innovation projects will be launched, tested and scaled. The PFIP attached 2.6 document provides our overall targets, objectives, output and outcome indicators.

	<b>Total resources required (2017-2020)</b>	<b>\$21,263,527</b> <b>All figures in USD</b>
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Contributing Outcome (UNCDF Strategic Framework Outcomes and/or UNDAF) <sup>1</sup> :  Indicative Output(s):	<b>Total resources allocated:</b>	<b>Donor/EU</b>	<b>\$3,099,314</b>
		<b>Donor/DFAT:</b>	<b>\$3,665,889</b>
		<b>Donor/MFAT</b>	<b>\$3,624,597</b>
		<b>Government:</b>	
		<b>In-Kind:</b>	
	<b>Unfunded:</b>	<b>US\$10,873,727</b>	

Agreed by (signatures)<sup>2</sup>:

Government	UNCDF	Implementing Partner
		
		
Print Name:	Print Name: Judith Kari	Print Name:
Date:	Date: 13/10/17	Date:

**Atlas Programme ID: 00084039 (EU)/ 00084038 (DFAT)/ 00084040 (MFAT)**

<sup>1</sup> In the UNPS/UNDAF, PFIP falls under "Outcome 3: Sustainable and Inclusive Economic Empowerment". This outcome has the following outcome statement, "By 2022, people in the Pacific in particular youth, women, and vulnerable groups, benefit from inclusive and sustainable economic development that creates decent jobs, reduces multi-dimensional poverty and inequalities, and promotes economic empowerment." This is measured by indicator 3.6 which is the, "Number of countries in which the percentage of the population with access to formal financial services has increased based on the latest available data<sup>1</sup> (SDG 8.10.2)"

<sup>2</sup> Note: Adjust signatures as needed

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## I. RESULTS AND RESOURCES FRAMEWORK<sup>3</sup>

**Programme title and Atlas Programme Number:** Pacific Financial Inclusion Programme, 00084039/ 00084011/ 84040

### **United Nations Pacific Strategy (UNPS):<sup>4</sup>**

In the UNPS, PFIP falls under "Outcome 3: Sustainable and Inclusive Economic Empowerment". This outcome has the following outcome statement, "By 2022, people in the Pacific in particular youth, women, and vulnerable groups, benefit from inclusive and sustainable economic development that creates decent jobs, reduces multi-dimensional poverty and inequalities, and promotes economic empowerment." This is measured by indicator 3.6 which is the, "Number of countries in which the percentage of the population with access to formal financial services has increased based on the latest available data<sup>5</sup> (SDG 8.10.2)"

### **In the Sub-Regional Program Document (SRPD) (2018-2022) for Pacific Island Countries:<sup>6</sup>**

In the SRPD, PFIP aligns with the regional priority of, "Sustainable development that combines economic, social and cultural development in ways that improve livelihoods and well-being and use the environment sustainably. (SDGs: 1, 5, 8, 10, 17). This outcome level has multiple indicators, one of which is, "Number of PICTs in which the percentage of the population with access to formal financial services has increased based on the latest available data. The outputs of PFIP fall under Output 3.3, "National financial inclusion policies and strategies in place and implemented to expand access to financial services for rural and low-income women and youth".

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<sup>3</sup> There are a number of specific indicators which are a part of the UNCDF IRRM which may not be overtly present in the PFIP RMF, but are collected and available via other data collection instruments with PFIP. PFIP collects and houses: PFIP Communications Tracker: IRRM Indicators 1.2.4, 1.3.1, 1.3.3 PFIP Quarterly Financial Reports: IRRM Indicators 1.1.1, 1.1.2 PFIP Active Grants Register: 1.2.1

<sup>4</sup> In the Pacific, the UNDAF has been renamed UNPS.

<sup>5</sup> Tier I

<sup>6</sup> This is the guiding document for UNDP in the region.

WORKSTREAM	OUTPUT INDICATORS	LEVEL	DATA SOURCE	BASELINE Value (July 2014)	Actual (June 2017)	End of Program Target
Overall PFIP Programme	# of enrolled customers <sup>7</sup>	Objective	Quarterly DCT	0	1,002,388	1,500,000
	# of enrolled customers, women	Objective	Quarterly DCT	0	408,662	750,000
	# of viable business models	Objective	Periodic Partner Data	0	0	4
	% active enrolments, total customers <sup>8</sup>	Objective	Quarterly DCT	0	47% (Active90)	50%
1: FINANCIAL INNOVATION <sup>9</sup>	1.1 # of innovations scaled	Outcome	Grants Register	0	11	14
	1.2 Total # of projects <sup>10</sup>	Output	Grants Register	0	20	30
	1.3 # of test projects	Output	Grants Register	0	8	n/a
	1.4 # of projects with segmentation for women	Output	Grants Register	0	4	11
	1.5 # of knowledge products, financial innovation	Output	Communications Tracker	0	5	10
2: POLICY AND REGULATION	2.1 # of active NFITs	Outcome	Central Bank Questionnaire	3	4	5
	2.2 # of key policy commitments <sup>11</sup>	Outcome	Internal Activity Report	17	21	23
	2.3 % of G2P/P2G payments through digital channels	Output	Government Reporting	n/a	n/a	20%
	2.4 Core financial inclusion policy domains enabled (per country)	Output	PFIP Assessment	n/a	n/a	4
	2.5 # of PICs with FI Strategies <sup>12</sup>	Output	Internal Activity Report	4	5	5

3: CONSUMER EMPOWERMENT	2.6 # of digital G2P/P2G projects	Output	Internal Activity Report	0	0	3
	2.7 # of policy-related TA/research delivered	Output	Internal Activity Report	0	8	11
	2.8 # of knowledge products, policy & regulation <sup>13</sup>	Output	Communications Tracker	0	11	15
	3.1 # of consumer education models embedded in service delivery	Outcome	FinEd stocktake	0	3	4
	3.2 # of PICs with FinEd curriculum	Outcome	Central Bank Questionnaire	1	2	3
	3.3 Quality of consumer protection mechanisms	Outcome	PFIP Assessment	n/a	n/a	n/a
	3.4 # of FinEd projects	Output	Internal Activity Report	0	3	5
	3.5 # of customer education model tests	Output	Internal Activity Report	0	1	3
	3.6 # of consumer protection mechanism tests	Output	Internal Activity Report	0	1	2

<sup>7</sup> Corresponds with UNCDF IRRM Indicator 1.3. PFIP's figure is disaggregated by product, geography and sex.

<sup>8</sup> Corresponds with UNCDF IRRM Indicator 1.2. PFIP's figure is also disaggregated by product and sex.

<sup>9</sup> PFIP does not actively collect the indicator on total loan portfolio of MFIs (UNCDF Indicator 2.1). This is because PFIP currently only supports one MFI with a loan portfolio, and does not anticipate large support to MFIs in the future. The MFI which PFIP currently supports reports to MIX Market, and so this information is available to the public and easily collectable for reporting to UNCDF. Reporting to MIX is a disbursement condition for any MFI which PFIP would partner with. Furthermore, while PFIP RMF does not officially IRRM Indicator 1.5 (DFS Index), PFIP has easy access to all the inputs to calculate this index with ease.

<sup>10</sup> Corresponds with UNCDF IRRM indicator 1.1. Like the IRRM, PFIP's indicator breaks down the financial products it supports by disaggregating those that are a) tested (PFIP RMF Indicator 1.3), and b) scaled (PFIP RMF Indicator 1.1). The PFIP RMF takes this concept one step further by measuring those innovations which are scaled and also financially viable (PFIP RMF Outcome Indicator – Programme Level "Number of Viable Business Models".

<sup>11</sup> This includes becoming signatory to BTCA (UNCDF IRRM Indicator 1.2.2)

<sup>12</sup> Corresponds with UNCDF IRRM Indicator 1.3.1.

<sup>13</sup> See footnote 4. This is tracked in the PFIP Communications Tracker.

### Monitoring and Evaluation

In accordance with UNDP/UNCDF's programming policies and procedures, the programme will be monitored through the following monitoring and evaluation plans:

#### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Partners (if joint)	Cost (if any)
<b>Quarterly Dashboards</b>	Looks at progress against the indicators in the RMF and PFIP expanded monitoring dataset. These dashboards will also contain activity highlights and graphs outlining the data trends. Presented to Investment Committee and Donors.	Twice per year	FSP and government partners	
<b>Semi-Annual Report</b>	This report is more in-depth than the quarterly dashboard and outlines progress against the indicators in the RMF and PFIP expanded monitoring dataset. The Semi-Annual also provides a discussion on the key activities and challenges as well as graphs outlining the data trends. Presented to Investment Committee and Donors.	Twice per year – alternating quarters with the quarterly dashboards	FSP and government partners	
<b>Internal Activity Report</b>	Internal report which outlines all activities in a narrative form which PFIP has conducted in all countries. Includes full list of links to online articles and resources	Quarterly	PFIP	
<b>Consolidated Data Sheet</b>	Contains diverse set of outreach and usage data by consumer segment; feeds into the Quarterly dashboard and Semi-Annual report as well as specialized data requests.	Monthly	FSP Partners	
<b>Monitor and Manage Risk – PFIP Risk Log</b>	Identifies specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log.	Quarterly	PFIP	
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other programmes and partners and integrated back into the programme.	Bi-Annual		
<b>Annual Programme Quality Assurance</b>	The quality of the programme will be assessed against UNCDF's quality standards to identify programme strengths and weaknesses and to inform management decision making to improve the programme.	Annually		

<p><b>Review and Make Course Corrections</b></p>	<p>Internal review of data and evidence from all monitoring actions to inform decision making.</p>	<p>At least annually</p>		
<p><b>Programme Review (PFIP Investment Committee)</b></p>	<p>The programme's governance mechanism (i.e., programme investment committee) will hold regular programme reviews to assess the performance of the programme and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the programme. In the programme's final year, the Programme IC shall hold an end-of-programme review to capture lessons learned and discuss opportunities for scaling up and to socialize programme results and lessons learned with relevant audiences.</p>	<p>Specify frequency (i.e., at least quarterly and as and when projects are to be approved)</p>		

## II. MONITORING AND EVALUATION

In accordance with UNDP/UNCDF's programming policies and procedures, the programme will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to programme context, as needed]*

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the programme in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by programme management.		
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per Social and Environmental Standards. Audits will be conducted in accordance with UNCDF's audit policy to manage financial risk.	Quarterly	Risks are identified by programme management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other programmes and partners and integrated back into the programme.	At least annually	Relevant lessons are captured by the programme team and used to inform management decisions.		
<b>Annual Programme Quality Assurance</b>	The quality of the programme will be assessed against UNCDF's quality standards to identify programme strengths and weaknesses and to inform management decision making to improve the programme.	Annually	Areas of strength and weakness will be reviewed by programme management and used to inform decisions to improve programme performance.		
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the programme		



				board and used to make course corrections.	
<b>Programme Report</b>	A progress report will be presented to the Programme IC and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual programme quality rating summary, an updated risk along with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the programme (final report)			
<b>Programme Review (Programme Board)</b>	The programme's governance mechanism (i.e., programme board) will hold regular programme reviews to assess the performance of the programme and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the programme. In the programme's final year, the Programme Board shall hold an end-of programme review to capture lessons learned and discuss opportunities for scaling up and to socialize programme results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the programme board and management actions agreed to address the issues identified.		

#### Evaluation Plan<sup>14</sup>

Evaluation Title	Partners (if joint)	Related UNCDF Strategic Plan and/or UNDAF Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
e.g., Mid-Term Evaluation			Completed Feb 2017		Programme Funds
Programme evaluation			By June 2020	PFIP Investment committee, funders, regional	

<sup>14</sup> Optional, if needed

					Central Banks, key Government Departments, grant partners, other development partners	
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	2.3 On demand policy & regulatory interventions in the region	240,000	224,000	200,000	DFAT/MFAT/EU	Non-Core	Grants/Travel	664,000
	MONITORING	80,000	100,000	100,000	DFAT/MFAT/EU	Non-Core	International Consultants	260,000
	<b>Sub-Total for Output 2</b>							<b>3,035,000</b>
Consumer Empowerment (includes Fin Ed)	3.1 Support partner training and development workshops	215,000	200,000	120,000	DFAT/MFAT/EU	Non-Core	Grants/TA	535,000
	3.2 Develop knowledge products/success stories/support events related to PFIIP	250,000	250,000	220,000	DFAT/MFAT/EU	Non-Core	Travel/International Consultants	720,000
	3.3 Support to Central Bank to develop financial services consumer protection.	150,000	70,735	50,000	DFAT/MFAT/EU	Non-Core	Grants/TA	270,735
	MONITORING	100,000	100,000	100,000	DFAT/MFAT/EU	Non-Core	International Consultants	300,000
	<b>Sub-Total for Output 3</b>							<b>1,825,735</b>
General Management Support	On-going management, technical assistance and operational costs	3,104,996	574,212	2,138,354	UNDP/UNCDF/DFAT/MFAT/EU	Non-Core	Staff Salary/Admin Cost	8,339,345
	GMS	537,474	347,663	413,498	UNDP/UNCDF/DFAT/MFAT/EU	Non-Core	GMS	1,488,447
	<b>TOTAL</b>	<b>7,678,205</b>	<b>4,966,610</b>	<b>5,907,117</b>				<b>21,263,527</b>
	<b>FUNDED</b>							<b>10,389,800</b>
	<b>UNFUNDED</b>							<b>10,873,727</b>



